

**Office of
the Mayor
Burlington,
Vermont**



Miro Weinberger

Mayor

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FOR IMMEDIATE RELEASE

June 25, 2012

Contact: Mike Kanarick
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**Mayor Miro Weinberger, City Council President and Board of Finance Member
Joan Shannon, and Interim CAO Paul Sisson Advocate for Passage of FY13 Budget**

Burlington, VT – Mayor Miro Weinberger, city council president and board of finance member Joan Shannon, and interim Chief Administrative Officer Paul Sisson today held a joint press conference at City Hall during which they discussed the FY13 budget and advocated for its passage later this evening by the full council.

“The FY13 budget before the Council for passage tonight gets the City moving again, takes significant steps towards addressing our City’s serious financial issues, and does all this without a property tax increase,” said Mayor Weinberger, speaking about his administration’s first budget. “Taking action on rebuilding the bike path from the 2011 floods, getting our parks projects moving through Penny for Parks, and adding a second building inspector to our City team are all examples of putting our City’s best foot forward.”

Examples of the substantive budgetary improvements include:

- **No property tax increase**
- **Addressing the liquidity concerns in the water and wastewater enterprise funds**
- **Penny For Parks – a new focus on parks upkeep and enhancement**
- **Bike Path – complete the rebuilding from the 2011 floods**

The details of these substantive budgetary improvements can be found in the attached Mayor’s fiscal year 2013 proposed budget memorandum, dated June 15, 2012. One additional improvement not listed in the Mayor’s memorandum is the addition of a second building inspector to the Department of Public Works (DPW). Through moderately increased fees, DPW will be able to increase its capacity in this important area.

City Council President and Board of Finance member Joan Shannon noted the improvement in this year’s budget process, stating: “I have received much positive feedback from members of

the council about the improvements to this year's budget process. The council's changes allowed all councilors to be included at an earlier stage in the process and to have more meaningful input in creating the budget. By having eight special City Council work sessions and meeting with virtually every department head, the Council took a big step towards jointly managing the City's finances with the Mayor as the charter requires."

The budget (posted in full at <http://www.burlingtonvt.gov/CT/Budgets/2013-Budget/Mayor-s-Proposed-FY2013-Budget/>) is presented in a different format this year and also will be tracked differently.

"For the first time, this year's budget uses cost center accounting which shows a much clearer picture about the net costs of different municipal functions and is far easier to understand than past budgets" said interim CAO Paul Sisson. "In addition, as a result of new technology in the CAO's office, the City will have the ability to centrally monitor and manage the implementation of the budget over the course of the next year. Remarkably, the City has not had this ability until now."

Please see attached documents, including:

- *Mayor's FY13 Budget memorandum dated June 15, 2012*
- *General Fund Budget Summary document*
- *General Fund Tax Rate & Revenue document*
- *Budget Highlights document*

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MEMORANDUM

TO: Burlington City Council
FROM: Miro Weinberger, Mayor
DATE: June 15, 2012
RE: Fiscal Year 2013 Proposed Budget

Herein is the Mayor's proposed budget for Fiscal Year 2013, which balances the City's finances without a General Fund tax increase.

Thank you for your help in the creation of this important document. The special City Council work sessions that the Council has conducted over the last six weeks at President Joan Shannon's suggestion have contributed significantly to this document. I also asked department heads to engage in the budgeting process this year in ways that they report have resulted in greater transparency and communication within the City. It is my hope and intent that this type of collaboration between the Mayor's Office, the Council and the departments will continue and grow in the months and years ahead.

Thanks to an enormous effort by the CAO's Office to migrate to a new accounting system and method of budgeting, this document is considerably easier to read and understand than ever before. While a budget that involves more than \$170 million* of revenues and expenses will always be complex, the new cost center accounting method used in this year's budget now illustrates much more clearly which elements of City Government draw on the General Fund. In addition, the practice of "netting" that has sometimes masked the true financial picture of some programs in the past has been eliminated. Approximately \$11 million of netting that occurred in prior years has been corrected for FY13, resulting in an apparent increase in the total budget, which is not actually the case. The actual increase in FY13 General Fund expenses is only 3.9%.

The benefits to the City of the new accounting system should grow in the months and years ahead. For the first time, in FY13 the CAO's Office will be able to monitor and oversee details of the City's budget, and the Mayor and Council will have much better comparative information during future budgeting cycles.

In addition, the FY13 budget we have created together represents substantive progress in numerous areas.

This budget holds the line on property taxes

While I see many hopeful signs that the economy is significantly improving, we know that on average the incomes of Burlingtonians have been nearly flat since the recession of 2008 began, and that many households in our community have seen their incomes drop substantially.

It was therefore a priority of the new administration to avoid a General Fund tax increase despite projections showing a \$1.2 million deficit in FY13 when we took office. Thanks to the hard work of the department heads and the CAO's Office, this budget has eliminated that deficit without impacting City services or programs. As a result of this success as well as the required shifting of over \$1 million of school worker retirement benefits to the school budget, when the City's property owners receive their next tax bill they will see that overall non-education municipal tax rate has dropped from 72.8 cents in FY12 to 71.5 cents in FY13. This represents a 1.8% decrease over the current fiscal year tax rate of 72.8 cents. This includes a 2.3 cent decrease in the tax rate for the Retirement Fund, resulting from the School Department assuming its share of the cost of the retirement program. This increase is offset by a slight increase of .6 cents in the tax rate for debt service.

We will restore significant liquidity to the City by adopting + implementing this budget

The most troubling finding of the FY11 audit was that the City has very limited liquidity. The Burlington Telecom situation is by far the largest driver of this situation and that, of course, remains unresolved. However, as of today, the Water and Wastewater funds also owe seven figure loans to the City's cash pool. This budget will eliminate those loans by the end of FY13 and keep the City on course to successfully refinance the approximately \$14.6 million in no interest loans from the State of Vermont that mature on January 1, 2014.

In FY13 we will complete the rebuilding of the bike path from the 2011 floods

In May we announced a much-needed initiative to accelerate the rebuilding from the 2011 floods and design, permit and build approximately \$1.4 million of remaining bike path repairs and enhancements by the end of calendar year 2012. The capital budget herein contains the 10% match of local funds necessary to complete this work (FEMA will pay 75% of the cost and the State 15%). This effort has already required a large, focused effort by both the Departments of Public Works and Parks and Recreation, and will require an even greater push to complete.

This budget represents a new focus on parks upkeep and enhancement

In 2008 the voters of Burlington signaled their commitment to an excellent parks system by creating the Penny For Parks dedicated tax. During the first three years of this program less than 1/3 of the authorized investment has been made and numerous Parks properties have been allowed to unnecessarily deteriorate. The FY13 budget reverses this direction and puts the City on course to eliminate the backlog of Penny For Parks projects by the end of FY14. In addition, this budget funds both the personnel capacity necessary to design and build these improvements, and a comprehensive planning effort that will give the City a detailed roadmap for making future Parks investments.

Conclusion: the FY13 budget represents a step towards fiscal responsibility

As outlined above, the proposed FY13 budget represents progress towards responsible management of the City's finances. With the passage of this document we will take important steps to improve the City's liquidity and to properly care for the City's Parks properties.

More will be needed in the years ahead. We must take further steps to properly maintain and reinvest in municipal buildings and to restore and enhance the Bike Path. The City's liquidity and credit ratings remain impacted by the BT situation. While the Airport's finances are improving, more work is needed to eliminate this enterprise's short-term debt and raise its credit rating. Annual City operating expenses are rising faster than revenues and the serious shortfall in the Retirement Fund remains. We must grow the property tax base with downtown and waterfront improvements consistent with Burlington's scale and character.

Burlington is a remarkably resilient and strong community. All of these challenges, while serious, are well within our ability to overcome through focus and collaboration. I ask for your support with the Fiscal Year 2013 Budget and look forward to tackling the remaining challenges together in the months and years ahead.

CITY OF BURLINGTON GENERAL FUND SUMMARY

REVENUES

GENERAL FUND

	Amended FY11 Budget	Thru Period 13 FY11 Unaudited	Approved FY12 Budget	Thru Period 9 FY12 Unaudited	Requested FY13 Budget	FY 12/13 Difference
General Admin. & Taxes	45,441,043	47,598,618	47,138,346	40,748,514	47,833,774	695,428
Safety Services	5,044,600	6,070,490	5,225,600	3,609,537	5,585,812	360,212
Cultural & Recreation	4,827,967	4,173,464	4,477,810	3,100,750	4,543,053	65,243
Public Works	5,699,689	5,839,005	5,816,523	4,473,011	4,503,830	687,307
Subtotal Oper. Rev	<u>61,013,299</u>	<u>63,681,577</u>	<u>62,658,279</u>	<u>51,931,812</u>	<u>64,466,469</u>	<u>1,808,190</u>
Grants & Capital Projects	2,817,631	5,505,250	2,658,000	7,229,532	4,657,049	1,999,049
TOTAL REVENUES	<u>63,830,930</u>	<u>69,186,827</u>	<u>65,316,279</u>	<u>59,161,344</u>	<u>69,123,518</u>	<u>3,807,239</u>

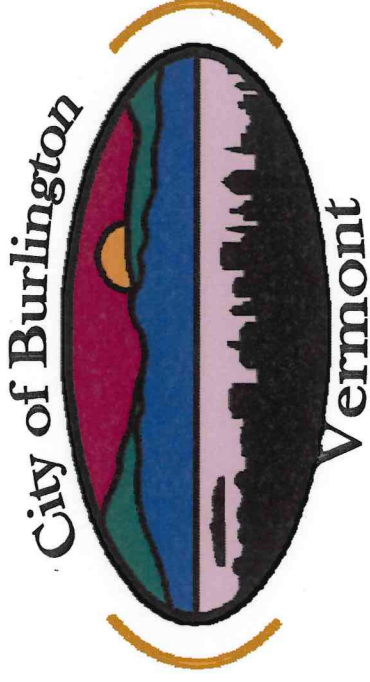
EXPENDITURES

GENERAL FUND

General Administration:						
General Departments	3,974,852	5,078,706	3,981,579	3,853,920	4,839,267	857,688
General Admin Expense	11,758,848	11,657,451	13,227,045	8,794,857	12,850,069	(376,976)
General Gov't Expense	1,985,342	1,936,864	2,026,116	1,487,501	2,023,217	(2,899)
Subtotal Gen'l Admin	<u>17,719,041</u>	<u>18,673,021</u>	<u>19,234,740</u>	<u>14,136,278</u>	<u>19,712,554</u>	<u>477,814</u>
Safety Services	16,834,083	17,528,868	16,612,491	12,789,551	17,375,065	762,574
Cultural & Recreation	7,471,807	6,951,705	6,932,330	5,028,631	7,036,439	104,109
Public Works Function	7,248,798	7,279,311	7,180,959	5,324,371	7,503,657	322,698
Operating Transfers Out	9,414,623	8,857,037	9,797,961	7,088,366	12,413,337	2,615,376
Subtotal Oper. Expend.	<u>40,969,312</u>	<u>40,616,922</u>	<u>40,523,741</u>	<u>30,230,918</u>	<u>44,328,498</u>	<u>3,804,756</u>
General Capital Improve.	5,498,102	6,782,160	5,588,571	3,821,671	4,609,956	(978,615)
TOTAL EXPENDITURES	<u>64,186,455</u>	<u>66,072,102</u>	<u>65,347,052</u>	<u>48,188,867</u>	<u>68,651,008</u>	<u>3,303,955</u>

Recommended General Fund Tax Rate & Revenue

		FY 2011		FY 2012		FY 2013			
Grand List for Municipal Taxes		3,594,000,000		3,619,000,000		3,733,920,159			
Adjusted Grand List / \$100		\$ 35,940,000		\$ 36,190,000		\$ 37,339,202			
Tax Rate Item	Budget FY '11 Tax Rate	Projected FY '11 Taxes	Budget FY '12 Tax Rate	Projected FY '12 Taxes	Budget FY '13 Tax Rate	Projected FY '13 Taxes	Tax Rate Chng	% Rate Chng	Tax Revenue Chng
REVENUE NEUTRAL RATES:									
General City	0.2329	8,370,426	0.2329	8,428,651	0.2329	8,696,300	-	0.0%	267,649
Streets	0.0617	2,217,498	0.0617	2,232,923	0.0617	2,303,829	-	0.0%	70,906
Police/Fire	0.0807	2,900,358	0.0807	2,920,533	0.0807	3,013,274	-	0.0%	92,741
Open Space	0.0054	194,076	0.0054	195,426	0.0054	201,632	-	0.0%	6,206
Housing Trust	0.0054	194,076	0.0054	195,426	0.0054	201,632	-	0.0%	6,206
FIXED RATES:									
Parks	0.0250	898,500	0.0250	904,750	0.0250	933,480	-	0.0%	28,730
Parks - Pennies	0.0100	359,400	0.0100	361,900	0.0100	373,392	-	0.0%	11,492
Highway	0.0312	1,121,328	0.0312	1,129,128	0.0312	1,164,983	-	0.0%	35,855
Library Tax	0.0050	179,700	0.0050	180,950	0.0050	186,696	-	0.0%	5,746
BUDGET DRIVEN RATES:									
CCTA	0.0336	1,207,584	0.0344	1,244,936	0.0390	1,456,229	0.0046	13.4%	211,293
County Tax	0.0054	193,899	0.0054	195,426	0.0050	186,696	(0.0004)	-7.4%	(8,730)
Retirement	0.1768	6,354,192	0.1909	6,908,671	0.1678	6,265,518	(0.0231)	-12.1%	(643,153)
Debt Service	0.0469	1,685,586	0.0400	1,447,600	0.0462	1,726,191	0.0062	15.6%	278,591
TOTAL									
	0.7200	\$ 25,876,623	0.7280	\$ 26,346,320	0.7153	\$ 26,709,851	(0.0127)	-1.7%	\$ 363,531

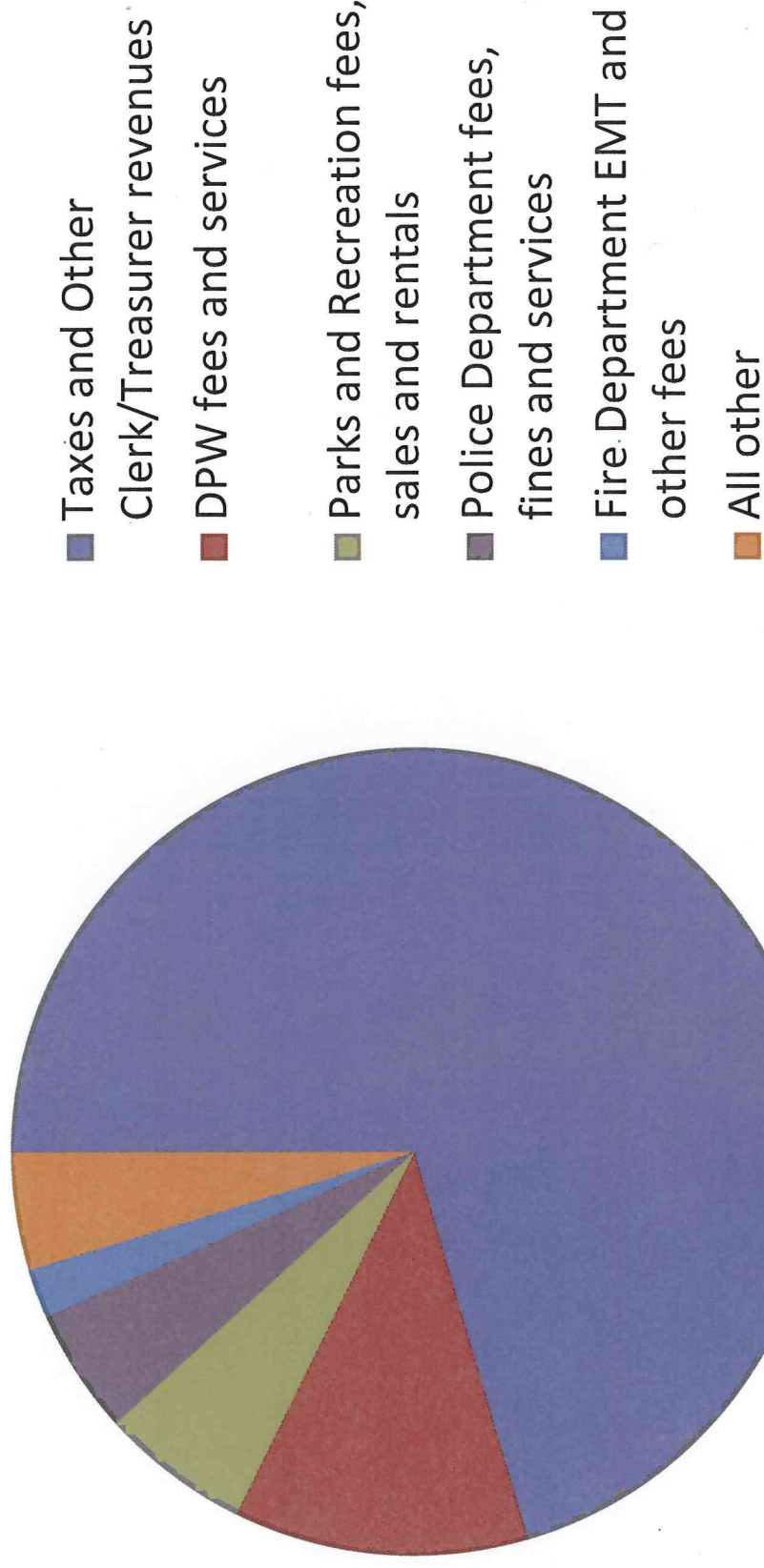


City of Burlington Vermont

Highlights of Mayor's Recommended Fiscal Year 2013 Municipal Budget

FY13 General Fund Revenues

\$64,466,469

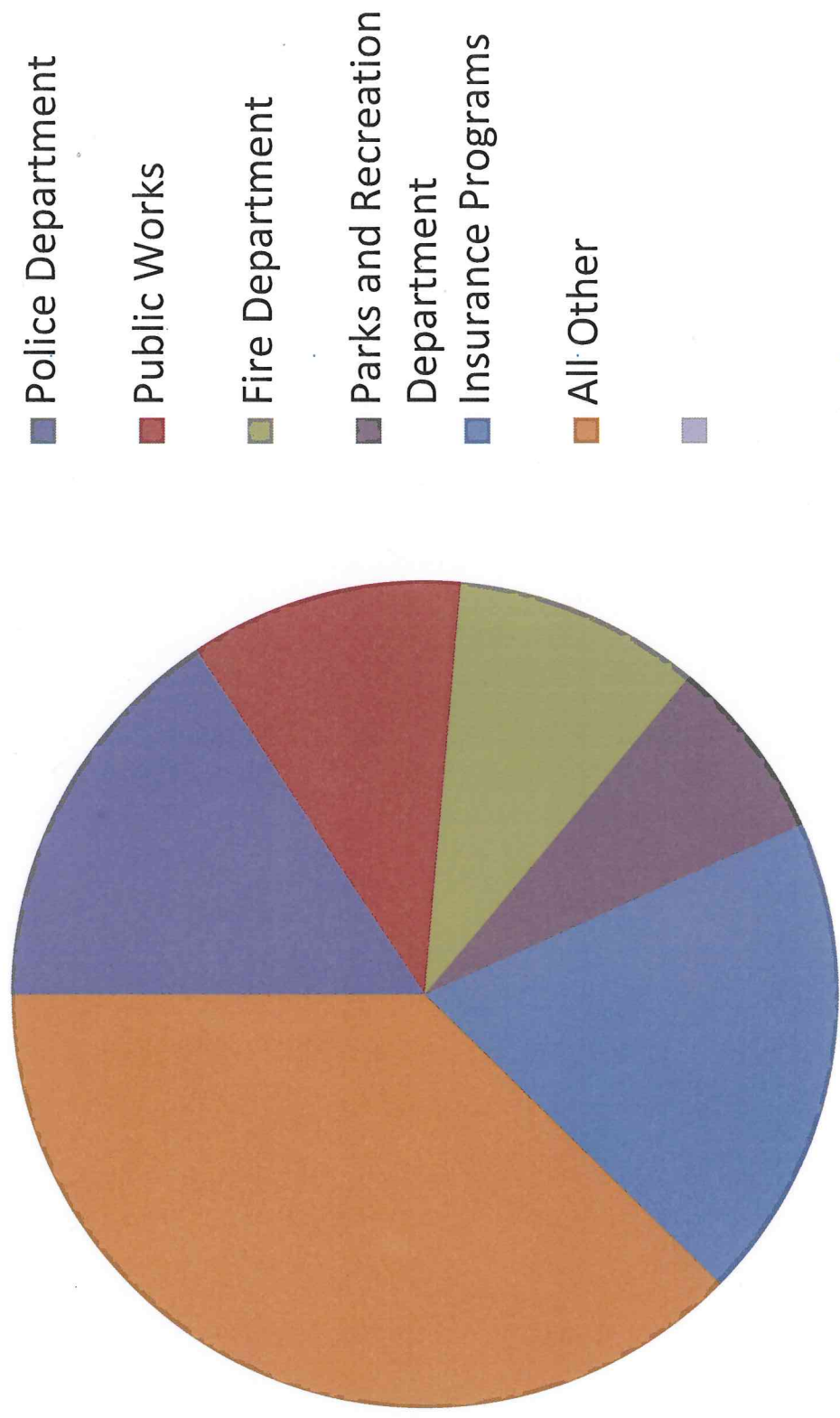


General Fund Revenues

	<u>FY12</u>	<u>FY13</u>	<u>Percent Change</u>
Property taxes and PILOTS	32,773,150	33,184,608	1.3%
Other Clerk/Treasurer revenues	7,677,446	7,571,967	-1.4%
DPW fees and services	5,906,832	6,857,270	16.1%
Parks and Recreation fees, sales and rentals	3,454,033	3,454,785	0.0%
Police Department fees, fines and services	2,887,100	2,899,100	0.4%
Fire Department EMT and other fees	<u>1,110,000</u>	<u>1,150,000</u>	3.6%
Subtotal – Five Largest Categories	<u>53,808,561</u>	<u>55,117,730</u>	2.4%
City Arts fees, grants, donations and rentals	996,377	1,030,192	3.4%
Code Enforcement fees and fines	768,500	816,712	6.3%
Planning and Zoning fees and permits	435,250	452,750	4.0%
City Attorney fines	200,000	200,000	0.0%
Library fees, fines and donations	137,100	147,820	7.8%
All other departments	<u>6,312,491</u>	<u>6,701,265</u>	6.2%
Subtotal - All Other Departments	<u>8,849,718</u>	<u>9,348,739</u>	5.6%
Total General Fund Revenues	<u>62,658,279</u>	<u>64,466,469</u>	2.9%

FY13 General Fund Expenses

\$64,041,052



General Fund Expenses

<u>Department</u>	<u>FY12</u>	<u>FY13</u>	<u>Percent Change</u>
Police Department	9,516,789	9,999,732	5.1%
Public Works	6,402,244	6,856,564	7.1%
Fire Department	5,915,727	6,182,689	4.5%
Parks and Recreation Department	<u>4,573,515</u>	<u>4,590,443</u>	0.4%
Four Largest Departments	26,408,275	27,629,428	4.6%
Insurance Programs	12,520,000	12,198,942	-2.6%
All Other Departments *includes dedicated tax transfers in 2013	<u>20,830,206</u>	<u>24,212,682 *</u>	16.2%
Total General Fund Expenses	59,758,481	64,041,052	9.4%

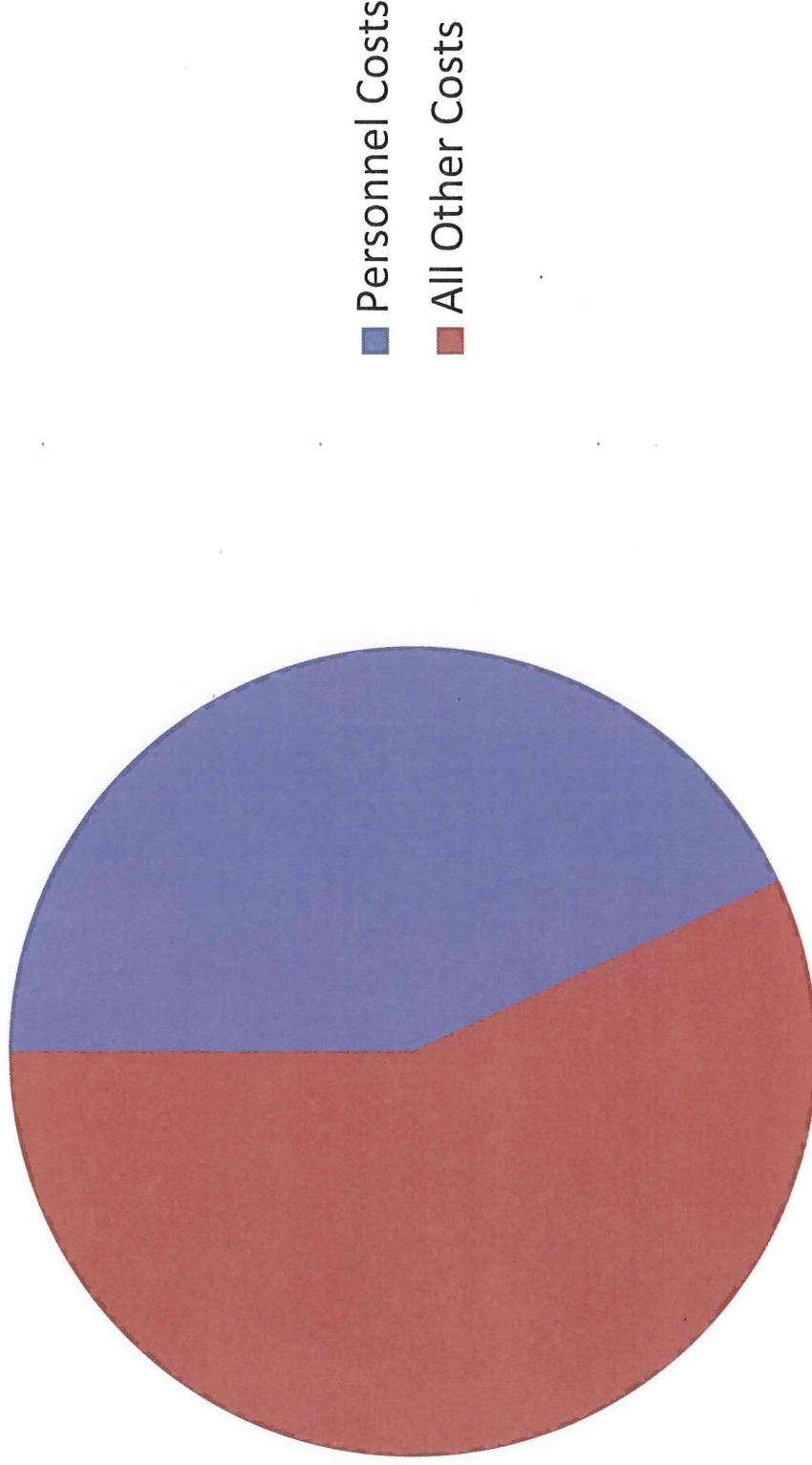
Personnel Costs

	FY12	FY13	Percent Change
Payroll Costs per Personnel Listing	\$21,503,177	\$22,429,618	4.3%
Employee Benefits	11,267,000	10,933,942	-3.0%
Less Amounts Charged to Other Funds	<u>(5,437,000)</u>	<u>(5,770,798)</u>	6.1%
Employee Base Pay and Benefits	<u>\$27,333,177</u>	<u>\$27,592,762</u>	0.9%
Total Budgeted Expenses	<u>59,758,481</u>	<u>64,041,052</u>	7.2%
Percent of Total Budget	45.7%	43.1%	
Full-time Equivalent Employees	407	410	

Personnel Costs

(comprise 43% of total costs)

\$27,592,762



Employment Levels

